

0470 - Department Of Information Systems

Interim Progress Report for the reporting period July 1, 2003 - December 31, 2003

Section I. Agency Update and Assessment

1. Emerging Issues at the Federal (National) or State level affecting the agency.

Emerging issues affect our performance in developing an organization and a network of services capable of meeting the growing needs of our customers in such areas as data warehousing, network, infrastructure, wireless phone services, expanded internet/e-mail connectivity, and web-based application development. In addition, DIS continues to work diligently to improve and expand support services for AASIS. The Health Insurance Portability and Accountability Act of 1996 (HIPAA) calls for government to improve the efficiency and effectiveness of the health care system through the development of a health information system by establishing standards and requirements for the electronic transmission of certain health information. HIPAA stands as a critical emerging issue that may impact the performance of DIS. DIS also continues its appeal of the findings of the U.S. Department of Health and Human Services, Division of Cost Allocation related to alleged over-charges to federal programs with the Attorney General's Office and outside Counsel.

2. Status of any new initiatives funded from General Revenue or General Improvement funds in the 2003 Legislative Sessions and other changes made through General Legislation.

DIS does not currently receive State General Revenue funding. The Department has not taken on new initiatives with the continued General Improvement funds received. However, a service network has been developed to design and manage the state's core shared information technology infrastructures in a reliable and customer-oriented manner. Other initiatives include the implementation of appropriate technologies to exchange and share information. DIS continues to work toward a technical standard to support the state's shared technical architecture. These activities should have a positive affect on our Production, Customer Services, and other programs in meeting the targets set forth in Act 1627 of 2003.

3. Discuss significant factors internal and external to the agency affecting agency performance.

The demand, scope, and variety of services required by our customers is constantly expanding and changing. DIS must be vigilant in responding to changing demands. One emerging factor is the expansion of services offered by the state via the internet and telephone. Critical to this theme is meeting the security requirements necessary for transactions involving personal customer information and financial accounts. The rate reconciliation process and the Business Continuity Program that have been solved for will positively effect our performance. Currently, we are devising a plan to migrate from the old to the new video network program that will allow us to provide video to the desktop of our customers.

4. Provide comments on the usefulness and reliability of performance measures.

The performance measures included in our Strategic Plan are useful in evaluating the overall programs of the agency. These measures are significant, and are directly related to the agency's overall mission, goals and objectives. To ensure reliability, the measures are accurate and verifiable, and are based upon acceptable data collection and processing procedures. The effort measures reflect a numerical count of resources used in performing the strategies; the output measures reflect a numerical count of services produced; the outcome measures indicate the actual impact or effect of program; and the efficiency measures reflect the program's cost associated with producing the desired outcome or output. Because this is a new program, and constant changes are demanded from our customers, the DIS metrics will evolve and change as the agency adapts to customer demands.

5. Discuss significant uses of line item flexibility in this report period (agencies operating under Performance-Based Appropriations only).

In order to more effectively serve our customers DIS has thus far been able to take advantage of line item flexibility to: (1) seamlessly target available funding and authority to support outsourcing of certain training and marketing functions and, (2) adjust and, in some cases, reduce professional services costs as a result of select and efficient use of consultant services. These actions were taken in light of stated program performance expectations while recognizing the necessity to provide these services in a value-oriented manner.

Program 1: Administration & Customer Support Services Program

Goal 1: To provide quality financial services to our technologist, accurate record keeping for our customer and feedback to our agency for customer demand of technology products and services.

Objective 1: To provide administrative and support services to enable the department to accomplish the mission of the department.

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>Actual YTD</u>	<u>Comments</u>
1	% of Agency Performance targets met.	85%	38%	See comment below
2	% of Agency Staff in the Administration Program compared to total agency positions.	11.4%	13.76%	
3	% of Agency Budget in the Administration Program compared to total agency budget.	11.4%	12.27%	
4	Number of prior year audit findings repeated in subsequent audit.	0	0	
5	Percent of users satisfied with IT Services	70%	56.00%	Approximately 125 surveys were sent to DIS customers. Only 18 responses received from survey.
6	Percentage of staff time reported in specific project objectives other than "General Agency Overhead"	2%	1.84%	
7	Percentage of IT Expenditures in \$ spent through DIS	30%	24.86%	DIS continues to market services to improve its market share.
8	Number of New Public Sector Customers not at the State Level	20%	12.81%	Continue to market DIS services to new and potential customer not at the state level.

Comments on performance matters related to Objective 1:

DIS has faced some major barriers in collecting data for performance measures because the state accounting system generally tracks expenditures by appropriation categories and cost center rather than by programs and their outputs. Thus, DIS cannot readily use accounting system information to develop results. However, we have developed a system using manual and electronic processes that gather information on a monthly basis to allow management review of interim results. DIS will continue to map our processes to develop a comprehensive performance measure system that will provide more useful information on how we are meeting our goals and continually monitor program efficiency. As we improve our accountability systems, the percentage of agency performance targets met will improve.

Program 2: Production Services

Goal 1: To provide reliable products and services to the public sector of Arkansas with the capital within our department.

Objective 1: To provide reliable processing of applications operated for the benefit of the state's public sector.

Measure Number	Performance Indicators	Annual Target	Actual YTD	Comments
1	Number of agencies served	222	150	DIS continues to market it services to state agencies.
2	AASIS Support Center Costs	\$11000000	N/A	DIS is no longer responsible for the management of the AASIS Support Center. DFA has assumed those duties.
3	Percentage of Training Costs Per Employee compared to Outsourced costs.	24%	N/A	There are no outsource costs associated with this program.
4	Maintenance Costs as a % of net assets	23%	11.12%	
5	Overhead not including labor as a percentage of Revenue	9%	0.478%	
6	Total Labor costs as a percentage of Revenues	16%	8.22%	
7	Overhead labor as a percentage of Total Labor	5.5%	10.72%	This Program will continue to analyze how this measure has been calculated and refine target and/or actual data.
8	Net Income/Losses from Production Services.	\$0	\$ 7,193,465.05	The Agency is in the process of adjusting rates to bring areas of over recovery closer to zero balance.

Comments on performance matters related to Objective 1:

Program 3: Consulting Services

Goal 1: To provide innovative and marketable solutions to the public sector of Arkansas.

Objective 1: To provide quality and innovative solutions for the Information Technology needs of our customers.

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>Actual YTD</u>	<u>Comments</u>
1	Percent of DIS Managed projects successfully completed on schedule and within budget.	75%	100.00%	
2	Billable Time as a percentage of Total Department Time each month	60%	63.18%	
3	Outsource Costs as a percentage of total Labor costs	25%	45.29%	
4	Training Costs Per Employee compared to Outsourced costs per Employee.	5%	10.07%	
5	Average Length of Work in Process in Days	270	266	
6	Overhead not including labor as a percentage of Revenue	9%	3.68%	
7	Total Labor costs as a percentage of total billed	250%	6.08%	The Consulting Program will continue to analyze how this measure has been calculated and refine target and/or actual data.
8	Overhead labor as a percentage of Total Labor	14%	20.74%	DIS continues to refine its calculation of overhead.
9	Percentage of PEPMO staff time spent on projects/programs	60%	44.56%	
10	Percentage of PEPMO Project Team who hold certification	100%	90.00%	
11	Net Income/Losses from Consulting Services.	\$0	\$ (1,620,936.18)	The Agency is in the process of adjusting rates to bring areas of over recovery closer to zero

Comments on performance matters related to Objective 1:

Program 4: Connectivity and Communications Services

Goal 1: To provide quality connection and reliability of network services using wire and wireless products for data, voice, and video.

Objective 1: To provide quality connection to the DIS Network.

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>Actual YTD</u>	<u>Comments</u>
1	Percentage of time network connectivity is functional and available per 24 hour day.	99%	99.99%	
2	Number of agency agreements for telecommunications services per year.	199	0	DIS no longer enters into agreements specifically for connectivity. The Department would like to substitute this measure with the "number of DIS customers who have DIS Connectivity Service.
3	Average cost per minute to customers for long distance.	\$0.075	\$0.08	DIS service is a fixed cost per minute of use contract for various forms of inbound and outbound long distance service. The only variables type and volume of service are not in DIS control. However, DIS has entered into a new long distance contract that forecasts an annual savings of approximately 2.5% reduction in costs.
4	Average cost per megabyte to customers for network services	\$273.77	\$213.70	
5	Net Income/Losses from Communication Services.	\$0	\$791,137.49	The Agency is in the process of adjusting rates to bring areas of over recovery closer to zero balance.

Comments on performance matters related to Objective 1: